



Report to Congress: Termination of the National Security Personnel System

April 23, 2010

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Introduction

This report is being provided pursuant to the National Defense Authorization Act for Fiscal Year 2010, Public Law 111-84, section 1113(e)(1):

REPORTS.—The Secretary of Defense shall provide a report to the covered committees (as defined by subsection (g)(6)) —

(1) no later than 6 months after the date of enactment of this Act, on the initial steps being taken to reclassify positions from the NSPS [National Security Personnel System] and the initial conversion plan to begin converting employees from the NSPS, which information shall be supplemented by reports describing the progress of the conversion process which shall be submitted to the same committees on a semiannual basis

The covered committees as defined by subsection (g)(6) to receive the report are:

DEFINITIONS.—For purposes of this subsection, the term "covered committees" means—

- (A) the Committees on Armed Services of the Senate and the House of Representatives;
- (B) the Committee on Homeland Security and Governmental Affairs of the Senate; and
- (C) the Committee on Oversight and Government Reform of the House of Representatives.

Executive Summary

The National Defense Authorization Act for Fiscal Year 2010 (NDAA 2010) repealed the statutory authority for the National Security Personnel System (NSPS) and directed the Secretary of Defense to take necessary actions to provide, beginning no later than 6 months after the date of enactment, for the orderly termination of NSPS and conversion of all NSPS employees and positions from NSPS by not later than January 1, 2012.

The last organizations and functional units converted to NSPS in February 2009. Approximately 226,000 Department of Defense (DoD) employees were covered by NSPS before the system's drawdown, a larger workforce than any Executive Agency with the exception of the Department of Veterans' Affairs. The National Security Personnel System Transition Office (NSPSTO) was established to provide overall management and direction of NSPS transition activities to be carried out by the DoD Components¹. The NSPSTO has worked with and received input from the Department's and Components' leadership in the development of the design, planning, policies, and guidance for the orderly termination of NSPS with minimal impact to the DoD mission.

The Department's goal is to complete the transition of the vast majority of the NSPS population during Fiscal Year 2010. The rules of the gaining pay and personnel system will be followed in determining placements of NSPS employees into appropriate non-NSPS pay and personnel systems. Indicators of the readiness for transition to the successor statutory pay system include that NSPS positions are classified following the rules of the gaining system and that a viable performance management system is in place.

The majority (approximately 75 percent) of NSPS employees and positions will transition to the General Schedule (GS) classification and pay system during Fiscal Year 2010.

The remaining 25 percent of the NSPS population is scheduled to transition to other pay and personnel systems, beginning in spring 2011 and to be completed by not later than January 1, 2012. Five groups are affected. NDAA 2010, section 1105(c) requires seven organizations it designates as Science and Technology Reinvention Laboratories (STRL) and that were not excluded from NSPS coverage in NDAA 2004 or NDAA 2008 to establish laboratory personnel demonstration projects and convert their NSPS employees to those systems. Another group is employees in organizations returning to the Acquisition Workforce Personnel Demonstration Project. A third group is employees in organizations that will return to the Navy's alternative personnel system organizations, not having been included in section 1105(c). The fourth group is physicians and dentists and prospectively other health care provider occupations who will transition to a modified GS pay system that incorporates title 38 U.S.C. authorities, once that system – having been deferred in recognition of NSPS pay flexibilities – is finalized and in

¹ DoD Components are the Military Departments, Combatant Commands, and DoD Fourth Estate Entities. The DoD Fourth Estate consists of the Office of the Secretary of Defense, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Office of the Inspector General of the Department of Defense, the Defense Agencies, and the DoD Field Activities, and all other organizational entities in DoD that are not in the Military Departments or the Combatant Commands.

place. The fifth group is employees in organizations being shut down due to Base Realignment and Closure, who will remain in NSPS until closure or individual placement.

Position reclassification requires a significant level of effort, but the load is tempered by the fact that many NSPS employees are on position descriptions carried over from the prior classification system, mainly GS; and many new NSPS descriptions reference the equivalent GS classification. Component human resources specialists are working with their serviced supervisors to confirm description accuracy where it appears employees greatly expanded their responsibilities under NSPS' broad pay bands. They also are getting any supplemental information essential to describe and classify jobs that were new to NSPS, under the more detailed GS system.

While no bargaining unit employees were converted into NSPS, some employees organized into bargaining units after converting to NSPS. Collective bargaining obligations under 5 U.S.C. chapter 71 will be satisfied when transitioning these employees out of NSPS.

This report includes the Department's initial steps for the reclassification of NSPS positions and the overarching plan for converting employees and positions from NSPS. Reports describing the progress of the conversion process will be submitted to the covered committees semiannually until all transitions are completed.

Report

The National Defense Authorization Act for Fiscal Year 2010 (NDAA 2010) repealed the statutory authority for the National Security Personnel System (NSPS) and directed the Secretary of Defense to take necessary actions to provide, beginning no later than 6 months after the date of enactment, for the orderly termination of NSPS and conversion of all NSPS employees and positions from NSPS by not later than January 1, 2012.

With respect to NSPS termination, NDAA 2010 requires that—

- NSPS may not be expanded beyond the organizational and functional units that were covered under the system as of March 1, 2009.
- All NSPS employees and positions must be transitioned out of NSPS to the statutory pay system and all other aspects of the personnel system that last applied to the employee or position (as the case may be) before NSPS, or to the system that would have applied if NSPS had never been established, whichever is applicable.
- Employees will suffer no loss of or decrease in pay upon transition from NSPS due to NSPS termination.
- To the extent practicable during the NSPS transition period², appointments to vacant positions under NSPS are subject to the pay and personnel system that would apply upon the transition of the individual or position from NSPS.
- The NSPS rules in effect on the day before enactment of NDAA 2010 remain in effect for covered organizations and employees pending their transition from NSPS and may not be modified except to implement the provisions of NDAA 2010.
- During the transition period, NSPS employees with an NSPS rating above Level 1 (Unacceptable) or without an NSPS performance rating will receive the full annual general pay increase and comparable locality payment in the same manner and to the same extent as employees under the General Schedule (GS) system.

This report is required to address the Department's initial steps for reclassification of positions from NSPS and the initial plan for transition of employees from NSPS.

Initial Steps for Reclassification of Positions from NSPS

Placement of NSPS employees into successor statutory pay and personnel systems is governed by the rules of the gaining system. Since the majority (approximately 75 percent) of NSPS employees will transition to the GS system, this report addresses the initial steps to reclassify positions from the NSPS broad pay band system to the GS grade system.

² The term "NSPS transition period" is defined in NDAA 2010, subsection 1113(c)(5), as the period beginning on the date of enactment of NDAA 2010 (October 28, 2009) and ending on January 1, 2012.

The NSPS classification structure allows for progression from the entry/developmental level to journey and expert levels of work; recognizes ranges of difficulty in various organizational and work situations; and provides a pay structure that offers employees advancement opportunities within their broad band based on performance or contributions to mission and on the acquisition of important competencies, skills, and knowledge. Classification of an NSPS position is based on the primary duties and responsibilities of the position, level of difficulty, occupational qualifications, competency requirements, and mission of the organization.

In contrast, under the General Schedule classification system, duties and responsibilities are tightly defined in discrete grades GS-1 through GS-15 based on the range of difficulty and responsibility and the level of qualification requirements of covered positions. Position classification decisions take into consideration a variety of factors, including knowledge required, scope and complexity of work, specificity of guidelines, supervisory controls, and type and purpose of personal contacts.

The NSPS employee's permanent position at the time of transition will be classified under the GS system based on application of Office of Personnel Management (OPM) GS classification criteria (standards and guides), and the employee will be assigned a GS title, series, and grade based on that determination. The classification of the position may differ from what it was when the position converted to NSPS if there has been a significant change in duties requiring a new description, or a change in classification criteria. Since each NSPS pay band encompasses a range of GS grades, employees within an NSPS pay band may be performing work equivalent to different GS grade levels, and upon conversion from NSPS will be assigned different grades under the GS system.

Career ladders will be established under the GS system for positions that at the time of transition are in NSPS developmental pay bands or if it can be established that the intent of the NSPS position was to establish a developmental position within a pay band. NSPS employees in these types of positions will be transitioned to the appropriate GS grade in the ladder depending on the duties performed in their NSPS position and will have eligibility for noncompetitive promotion to the full performance GS grade established at the time of transition from NSPS.

Employees will have the right to appeal the classification of their GS position when they transition from NSPS and are officially assigned to the GS position description. Servicing human resources offices are available to explain this process to the employee and his or her supervisor. Information and fact sheets on classification appeals are available on the DoD and OPM websites.

Upon transition to the GS system, employees will be placed on GS steps at the same or closest higher rate to their NSPS salary. Some will transition from salaries that fall between steps. When salary falls between two steps, pay will be set on the higher step.

Some NSPS employees earn salaries that exceed the maximum rate for their position's GS grade. Section 1113(c)(1) of NDAA 2010 mandates that no employee will suffer a loss of or decrease in pay upon conversion from NSPS. GS pay retention authority (5 U.S.C. 5363, as implemented by

OPM regulations at 5 CFR part 536) allows DoD to comply with the NDAA 2010 requirement. When the employee's NSPS adjusted salary exceeds the maximum rate (step 10) of his or her GS grade, the employee will be placed on pay retention to comply with section 1113(c)(1) of NDAA 2010. In addition, due to the statutory language, employees may retain a rate that at the time of transition to GS exceeds 150 percent of step 10 of the assigned grade, Level IV of the Executive schedule (EX-IV) (not to exceed 5 percent above EX-IV since this is the maximum rate for certain NSPS pay bands), and a rate earned while on a temporary or term appointment.

Employees on pay retention will retain this rate until such time as they meet one of the terminating events described in 5 CFR 536.308. During the period of pay retention, the retained rate is subject to adjustment as described in 5 CFR 536.303(b) and 536.305. Specifically, at the time of any general pay increase (e.g., in January), the retained rate is adjusted by 50 percent of the dollar increase in the maximum (step 10) rate of the highest applicable rate range (i.e., a locality range, a special rate range, or base pay range) for the employee's position. Once the retained rate falls within the rate range (i.e., equals step 10 or less) for his or her grade, pay retention ceases, the employee's pay is set at step 10, and the employee is eligible to receive 100 percent of each subsequent Government-wide increase to base pay and adjustment to locality pay, as applicable.

It is to be expected that employees will have concern about losing access to the higher pay rates under NSPS and about being brought into the GS system on retained pay. The Department is monitoring transition-related activities including the number of employees who are on retained pay as a result of transition as part of its ongoing program evaluation and will study the outcomes once classification decisions are finalized. In coordination with OPM, it is our intent to maximize use of existing flexibilities and authorities Congress has already provided to the Department. If during the course of the evaluation process we assess additional remedies are required, the Department will work with Congress to obtain legislative solutions. However, at this time, it is premature to determine whether that will be necessary.

Initial Conversion Plan to Begin Converting Employees from NSPS

NDAA 2010 repealed the statutory authority for NSPS and requires DoD to transition all (approximately 226,000) civilian employees and positions from NSPS to the appropriate statutory non-NSPS pay system (e.g., General Schedule) by not later than January 1, 2012, with no loss of or decrease in pay upon conversion out of NSPS. The transition period during which the Department executes NSPS termination is defined as beginning on October 28, 2009 (the date of enactment of NDAA 2010) and ending on January 1, 2012.

The Department's goal is to transition most employees and organizations from NSPS during Fiscal Year 2010. The rules of the gaining pay and personnel system will be followed in determining placement of NSPS employees in successor systems. Until the transition takes place, organizations and employees currently covered by NSPS continue to follow NSPS regulations, policies, and procedures. For most (approximately 175,000) of the employees covered by NSPS, the government-wide rules for the General Schedule (GS) system issued by OPM (consistent with title 5 U.S.C.) are applicable to their transition.

DoD Components have determined schedules for transitioning from NSPS based on organizational readiness as evidenced by avoidance of undue interruption to mission and hardship to employees, existence of classified positions under the applicable non-NSPS pay and personnel system, existence of a performance management system, and information technology capability. With limited, approved exceptions (for example, the Science and Technology Reinvention Laboratories identified in section 1105 of NDAA 2010 and NSPS recruitment actions that were in process), no new appointments have been made to NSPS as of March 1, 2010. The Department is tracking transition costs as it did with NSPS implementation costs.

The organization that is guiding and managing transition planning and execution is the National Security Personnel System Transition Office (NSPSTO). The Director is responsible to develop, coordinate, and disseminate supporting procedures, policies, and tools; and to develop training products and services for the Components to educate employees and supervisors on all aspects of NSPS transition. In addition, the Department is committed to providing open and frequent communications during the transition. Employees will be informed of their position classification under the non-NSPS personnel system prior to their transition by local officials. Additionally, the NSPSTO has redesigned the NSPS website to publicize up-to-date information on the transition, including toolkits that contain a variety of products such as transition guides, fact sheets, brochures, articles, frequently asked questions, and training modules on the GS system and performance management basics. The website and communications are updated regularly as new information becomes available and new products are developed. The Military Departments, Office of the Secretary of Defense, Defense Agencies, and DoD Field Activities may supplement these products as necessary to facilitate their execution of NSPS transition. To date, more than 7,000 employees have been transitioned from NSPS to GS.

While the Department brought no bargaining unit employees into NSPS, approximately 900 employees organized after conversion in and are represented by unions. The NSPSTO Director met with officials of national unions representing these NSPS employees to discuss transition issues and answer questions. The Department will ensure that local collective bargaining obligations are fully satisfied as these employees transition from NSPS to the successor pay and personnel system.

A copy of the DoD Overarching National Security Personnel System Transition Plan, which provides detailed information on NSPS transition, is appended to this report.

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Department of Defense
Overarching
National Security Personnel System
(NSPS) Transition Plan

April 2, 2010

NSPS
Transition

TRANSITION OFFICE
NATIONAL SECURITY PERSONNEL SYSTEM

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NSPS
Transition

April 2, 2010

FOREWORD

On October 28, 2009, the President signed into law the National Defense Authorization Act for Fiscal Year 2010, Public Law 111-84, that repeals the statutory authority for the National Security Personnel System (NSPS) and requires the Department of Defense to transition approximately 226,000 civilian employees from NSPS to the appropriate statutory non-NSPS personnel and pay system by not later than January 1, 2012.

The DoD Overarching NSPS Transition Plan describes how the Department will execute the NDAA 2010 requirements with respect to the termination of NSPS.

A handwritten signature in blue ink, reading "John H. James, Jr.", is positioned above the printed name and title.

John H. James, Jr.
Director

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Background, Purpose, and Requirements

On October 28, 2009, the President signed into law the National Defense Authorization Act for Fiscal Year 2010 (NDAA 2010), Public Law 111-84, that repeals the statutory authority for the National Security Personnel System (NSPS) and requires the Department of Defense (DoD) to transition approximately 226,000 civilian employees from NSPS to the appropriate statutory non-NSPS pay and personnel system by not later than January 1, 2012.

With respect to NSPS termination, the law requires that:

- NSPS may not be expanded beyond the organizational and functional units that were covered under the system as of March 1, 2009.
- The NSPS rules and regulations in effect on the day before enactment of Public Law 111-84 may not be modified, except for purposes of implementing the provisions of NDAA 2010.
- All NSPS employees and positions must be transitioned out of NSPS to a successor statutory pay and personnel system by not later than January 1, 2012.
- Employees will not suffer any decrease in or loss of pay upon transition from NSPS due to NSPS termination.
- To the extent practicable during the NSPS transition period¹, NSPS organizations begin appointing individuals to non-NSPS statutory pay systems when vacant NSPS positions are filled by new appointment.
- During the transition period, NSPS employees rated above Unacceptable (Level 1) will receive the full January government-wide pay increase and equivalent locality pay adjustment.

The law requires the Secretary of Defense to report to Congress on the termination of NSPS. The NSPS Transition Office (the successor organization to the Program Executive Office National Security Personnel System) will prepare the reports to Congress with input from the Components. The following reports are required:

- Within six months after enactment, the Secretary will report on the initial steps being taken to reclassify positions from NSPS and the initial plan to begin transitioning employees from NSPS; and
- Semiannually, the Secretary will supplement the initial report by providing progress reports on the transition process.

The **DoD Overarching NSPS Transition Plan** describes how the Department will execute the NDAA 2010 requirements with respect to the termination of NSPS.

¹ The term "NSPS transition period" is defined in NDAA 2010, subsection 1113(c)(5), as the period beginning on the date of enactment of NDAA 2010 (October 28, 2009) and ending on January 1, 2012.

References

- (a) Title 5, United States Code, section 9902, as amended by section 1113 of the National Defense Authorization Act for Fiscal Year 2010, Public Law 111-84
- (b) Title 5, Code of Federal Regulations, part 9901
- (c) DoD Directive 1400.25-M, *DoD Civilian Personnel Management System*, November 25, 1996
- (d) DoDI 1400.25, DoD Civilian Personnel Management System
- (e) Title 5, United States Code, chapter 71, Federal Service Labor Management Relations Statute
- (f) PEO NSPS, *Guidance Governing NSPS Transition Period – Prior to Termination: A Guide for DoD Human Resources Offices*, December 10, 2010, updated March 30, 2010

Issues and Challenges

- NSPS will continue to generate Congressional, union, and media interest as well as interest from other government agencies such as the Government Accountability Office (GAO), Office of Management and Budget (OMB), and Office of Personnel Management (OPM).
- Expectations regarding the process and timetable for accomplishing the termination of NSPS vary widely among internal and external audiences.
- The Department must accomplish the transition with minimal impact to mission and without unduly burdening employees, managers, senior leaders, and supervisors.

Roles and Responsibilities

Under Secretary of Defense (USD) for Personnel and Readiness (P&R) – Senior policy official providing overall strategic leadership on personnel issues, including matters relating to NSPS transition

Principal Deputy Under Secretary of Defense (PDUSD) for Personnel and Readiness (P&R) – Serves as chair of the NSPS Overarching Integrated Product Team (OIPT)

Deputy Under Secretary of Defense (DUSD) for Civilian Personnel Policy (CPP) – Provides strategic leadership on civilian personnel issues, including matters relating to NSPS transition

DoD Component Heads (Secretaries of the Military Departments and the Office of the Secretary of Defense Director of Administration and Management) – Are accountable for ensuring NSPS transition requirements are accomplished

Overarching Integrated Product Team (OIPT) – Provides strategic advice and resolution of issues brought to it by the PDUSD(P&R), DUSD(CPP), and Director, NSPS Transition Office

Senior Advisory Group (SAG) – Advises the DUSD(CPP), the OIPT, and the Director, NSPSTO on the general conceptual, strategic, and implementation issues relating to NSPS transition

NSPS Transition Office (NSPSTO) – Successor organization to the Program Executive Office (PEO) NSPS. Provides overall management and direction of transition activities, including the overarching design, planning, policy, and guidance development for Component implementation

Director, NSPS Transition Office – Develops, coordinates, disseminates supporting procedures, policies, and tools for use by Components in transitioning employees from NSPS; and develops training products and services for use by the Components in training employees and supervisors on all aspects of NSPS transition

NSPSTO Program Directors/Leads – Support the Director, NSPSTO in accomplishing NSPS transition requirements

Component NSPS Transition Program Managers – Management officials with dual responsibilities to the NSPSTO and their Components for NSPS transition implementation activities within their respective Components

Milestones and Timelines

Activity	Date
Interim Guidance on Termination of NSPS issued	October 28, 2009
Transition Working Groups convened	December 2009
New Appointment Guidance issued	December 10, 2009
January 2010 Performance Payout	January 3, 2010
Component Transition Schedules submitted for approval	January 15, 2010
Overarching NSPS Transition Plan issued	Draft - January 2010 Final - April 2010
Redesigned NSPS website launched <ul style="list-style-type: none"> NSPS Connect NSPS Transition 	February 1, 2010, with periodic updates thereafter
Reclassification of NSPS positions to non-NSPS statutory pay systems completed	Varies by Component, based on transition schedule
Automation Systems Capability for Manual Transitions	February 2010
Component Transition Schedules approved	February 25, 2010
HR Practitioner Conference on GS Classification conducted	March 2010
Automation Systems Capability for Mass Transitions	April 2010
Statutory Reporting Requirements to Congress <ul style="list-style-type: none"> Initial Report to Congress Semiannual Updates on Progress of Transitions 	End April 2010 End October 2010 End April 2011 End October 2011
Transitions of positions and employees completed	DoD Goal: End FY 2010 with limited, approved exceptions Statutory: By NLT January 1, 2012

Transition Policies, Processes, and Procedures

Guidance Governing NSPS Transition Period Prior to Termination

The Program Executive Office NSPS issued guidance on December 10, 2009, that instructed the DoD Human Resources Offices (HROs) on making new appointments and internal placements to vacant NSPS positions during the NSPS transition period. That period is defined in the National Defense Authorization Act for Fiscal Year 2010, Public Law 111-84, as the period beginning on October 28, 2009, and ending on January 1, 2010. A copy of that guidance, with technical updates as of March 30, 2010, is at Appendix A of this Plan.

Transition from NSPS to the General Schedule System

The majority of NSPS employees and positions will transition to the General Schedule (GS) classification and pay system. To assist human resources practitioners in answering questions relating to the transition, the NSPS Transition Office has posted guidance on the NSPS website.

For employees in bargaining units represented by exclusive representatives, local bargaining obligations under title 5, United States Code, chapter 71 will be met before these employees are transitioned from NSPS.

Transition from NSPS to Non-General Schedule Systems

The Department is assessing what is required to transition organizations previously covered under personnel systems other than GS (e.g., the Navy alternative personnel system, acquisition personnel demonstration projects), and to transition organizations that by law (section 1105(c) of NDAA 2010) must be transitioned to Science and Technology Reinvention Laboratory demonstration projects.

Information on the processes, procedures, and timing of transitions to non-GS systems will be provided separately, at a later date, as information becomes available.

Transition Out Requirements

With respect to the statutory repeal of NSPS, the law requires that:

- All NSPS employees and positions must be transitioned out of NSPS to a successor statutory pay and personnel system by not later than January 1, 2012.
- Employees will not suffer any decrease in or loss of pay upon transition out of NSPS due to NSPS termination.

The statutory pay and personnel system is the system that last applied to employees or positions (as appropriate) before NSPS applied or that would have applied if NSPS had never been established.

The rules of the gaining pay and personnel system will be followed in determining placement of NSPS employees into the appropriate pay and personnel system.

In most instances, employees will transition to the General Schedule (GS) system. For them, government-wide rules issued by the Office of Personnel Management (OPM) in accordance with title 5, United States Code, are applicable.

The Department is assessing what is required to transition organizations previously covered under personnel systems other than GS, such as the Navy alternative personnel system and acquisition personnel demonstration projects, and to transition organizations that, by law, must be transitioned to Science and Technology Reinvention Laboratory demonstration projects.

NSPS Termination Costs and Tracking

NDAA 2010 mandates the termination of NSPS and transition of all personnel to the appropriate non-NSPS statutory pay and personnel system without loss of or decrease in pay upon conversion out of NSPS by not later than January 1, 2012. The FY 2010 DoD budget has the National Security Personnel System Transition Office (NSPSTO) scheduled to sunset in FY 2011. The termination and transition process requires the NSPSTO to continue operations through FY 2011.

The FY 2011 budget adds funding for the operation and sustainment of the NSPSTO and requires the Components to fund the costs for the transition of all NSPS personnel to the appropriate successor personnel system consistent with NDAA 2010 requirements.

Since NSPS is a pay banded system, the salary of many employees is likely between General Schedule (GS) steps. GS rules and regulations require employees to be placed on a specific step relative to their current salary.

Including benefits and accounting for the FY 2011 pay raise, the estimated transition costs are \$238.6 million. The FY 2011 budget reflects these costs and spreads it across the Components proportional to their civilian pay funding. There is no FY 2010 funding for these additional costs.

Termination Cost Tracking

NSPS termination costs can be grouped into direct and indirect costs. It is the Department's intent to report only direct NSPS termination costs in accordance with the method used to report NSPS implementation costs.

Indirect Cost Reporting Requirements

Typical indirect costs (e.g., for general administrative services, training hours, technical support, rent, supplies) incurred by Components and local activities are not quantifiable, as they are absorbed within the footprint of the respective organizations. Further, the effort required to collect these costs exceeds any benefit derived and is not economically feasible. [Reference SFFAS No. 4, July 31, 1995, paragraphs 90-92, 134, 140, 142.]

Direct Cost Reporting Requirements

Components must ensure that all direct costs are auditable and can be tracked through their individual accounting systems and the Defense Finance and Accounting Service (DFAS). It is the Components' responsibility to use cost center codes, job order codes, elements of expense (EOE), or elements of resources (EOR) and disseminate this reporting requirement to their respective Major Commands, Agencies, and reporting units. Components are to report only those costs that are directly attributable to NSPS termination and that are incrementally above and beyond what would have been otherwise spent for existing civilian personnel systems. Cost reporting for NSPS termination to the NSPSTO should begin with the second quarter of FY2010 and end with the transition of all NSPS employees to the appropriate successor pay and personnel systems.

Reporting Categories

The categories below are to be used to report only direct costs relating to NSPS termination. Component quarterly reports shall break out labor and non-labor (contractor support, temporary duty, etc.) costs in the NSPS Termination Cost Tracking Report.

1. Design and Termination (efforts including those conducted by Component and local activities relating to the planning, tailoring, and transition of NSPS employees to the successor system)

- Regulation, implementing issuances, conforming policy, and technical reference material development
- Working group activities for termination planning, scheduling, and monitoring
- Communications materials
- Lessons learned meetings, conferences, and reports

2. Training Development, Support, and Execution

- Courseware design and development; and Component and local adaptations
- Course materials production
- Course delivery

NOTE: Labor costs associated with employees' participation in training on any aspect of NSPS termination are indirect costs, as employees are expected to attend training each year

3. Human Resources (HR) Automated Systems

- Requirements definition of NSPS-driven modifications to Component HR systems
- Design, development, coding, and testing of modifications
- Local system modifications

4. Performance Awards, Quality Step Increases (QSIs) (formerly Program Evaluation category)

NOTE: NSPSTO is charged with the closeout report on NSPS

- Report only performance awards and QSIs provided outside the NSPS performance payout and resulting from NSPS termination

5. Program Office Operations (efforts conducted by NSPSTO, Component program transition offices, and locally established NSPS activities)

- Rent and supplies, equipment, networks and telecommunications (applies to NSPSTO only)
- Personnel appointed to coordinate NSPS termination at local level
- Detailed employees will be included in Component reporting under this category
- Employees providing support or detailed to Component or local transition offices, as described in the Labor Cost Guidance below

Labor Cost Guidance

When accounting for labor costs, remember to include Senior Executive Service (SES) members where applicable and follow these guidelines:

- **Allocation of Labor Costs**
 - Do not include the cost of a person who spends less than 50 percent of his or her time in direct support of NSPS
 - Include one-half the cost of a person who spends between 50 percent – 75 percent of his or her time in direct support of NSPS
 - Include the full cost of a person who spends more than 75 percent of his or her time in direct support of NSPS
 - If applicable, labor costs may be allocated across more than one category. (Example: an employee spends 50 percent of his or her time on training and 50 percent of his or her time on NSPS IT systems modification; allocate to cost categories accordingly.)
- **Civilian Labor Costs**
 - Follow DoD FMR 7000-14R, Vol. 11A, Chapter 1, par. 010203.A, to include the actual hourly rate, the leave and holiday factor, and the interagency rate for civilian fringe benefit rate in DoD FMR 7000-14R, Vol. 11A, Chapter 6, Appendix C
 - The actual hourly rate will be derived from the Defense Civilian Payroll System (DCPS)
- **Military Labor Costs in Defense Working Capital Fund (DWCF) Activities**
 - Base on the civilian equivalency rates
 - For purposes of determining military labor rates, *see* DoD FMR 7000-14R, Vol. 11A, Chapter 1, par. 010203B-1 and Chapter 6, Appendix B. These rates are published by the Office of the Under Secretary of Defense (Comptroller) and Chief Financial Officer (OUSD (C)) in the annual Program/Budget Guidance: “Integrated Program and Budget Review.”
- **Military Labor Costs in Appropriated Fund Activities**
 - Do not consider a cost to NSPS based on DoD FMR 7000.14-R, Vol. 11A, Chapter 1, par. 010203.B.
 - The following is an excerpt from this chapter: "...since a direct appropriation is provided for that purpose, the cost of military labor shall not be charged to another DoD entity except for the cost of military personnel assigned to DoD Working Capital Fund activities."

Communications and Learning

Responsibilities

- The NSPSTO Communications and Learning Team has oversight responsibility for all aspects of the enterprise communications plan and will facilitate coordination with Components in meeting plan requirements.
- Components have broad discretion in supplementing the plan and carrying out communications and learning activities in response to diverse requirements.
- The Office of the Secretary of Defense (OSD) Offices of Public Affairs and Legislative Affairs have responsibility for release of information to the media, Congressional staff, and members of Congress with support from NSPSTO Public and Congressional Affairs.

Objectives

- Proactively communicate the Department's commitment to accomplishing the transition with the least adverse impact to the mission and workforce.
- Inform and educate the workforce regarding transition processes, procedures, timelines, and requirements.
- Support the leadership's role in managing NSPS termination.
- Demonstrate openness and transparency in the management and processes related to the transition from NSPS to non-NSPS statutory pay and personnel systems.

Audiences

Internal

- Employees
- Human resources (HR) practitioners
- Managers and supervisors
- Senior leaders

External

- Advocacy groups
- Government offices and oversight bodies
- Members of Congress and staff
- Media

The internal and external audiences will be further segmented as transition communications and learning products are developed and released.

Strategic Approach

The following strategies will drive communications and learning content and products:

- **Tier communications for synchronized release throughout all organizational levels.** With over 226,000 employees under NSPS in hundreds of organizations worldwide, information that is sequenced and communicated through command channels offers the best assurance that all organizational echelons receive and communicate key messages in a consistent manner.
- **Phase communications activities to coincide with key transition milestones.** Aligning the rollout of communications plans and activities to coincide with key transition events provides an opportunity to manage information flow, coordinate related activities, and ensure target audiences stay informed.
- **Rely on standardized templates, branding, and products.** An identifiable, specific set of products featuring standardized formats, templates, and branding helps set clear expectations regarding the level and timing of support and ensures consistency of the message while facilitating leader preparation and delivery of key information.
- **Plan carefully but build in flexibility.** As program details are finalized, communications will be adjusted, updated, and disseminated in a coordinated and timely manner.
- **Support a collaborative design and development process through the reestablishment of a combined communications and training working group.** The group comprised of line staff and HR representatives from across Components will vet and coordinate communications/training-related content.
- **Identify organizational spokespeople early to ensure consistent messages are carried forward by trusted sources.** Employees will look to their leaders to ensure stability and to openly communicate key messages regarding the way forward. Human resources subject matter experts and supervisors are also critical communicators. Early and shared accountability and responsibility among these groups will help keep messages consistent, dispel myths, and clarify misconceptions. Spokespeople must be:
 - Credible among peers and subordinates
 - Committed to the mission of a successful transition
 - Authoritative
 - Articulate – crystal clear in communications
- **Conduct ongoing monitoring, evaluation, and research to inform content and products.** Understanding how communications and learning activities support the information needs of diverse audiences is critical for measuring the success of outreach efforts and shaping future communications and learning strategies.
- **Leverage communications and learning program effectiveness through integration of related training and change management activities.** For some, the cultural shift from NSPS to another personnel system will be as traumatic as the initial conversion into NSPS. Adopting a blended communications and learning strategy with content that can be adapted to a variety of products provides an opportunity to address both the technical and behavioral aspects of the NSPS transition.
- **Maintain focus on effective performance management.** As organizations transition out of NSPS, they cannot lose sight of the importance of performance management.

Communicating the importance of establishing performance expectations and managing and monitoring performance are hallmarks of effective performance management systems and will be reinforced.

Goals and Objectives

- Provide an enterprise-wide, consistent source of information
- Inform employees about key events and activities
- Support learning and understanding
- Facilitate the Department's transition out of NSPS

Implementation Milestones

The plan covers two years and is divided into four segments:

- **Phase 1** – Beginning October 28, 2009, through mid-January 2010, after the payout
- **Phase 2** – Beginning mid-January 2010, after the payout, through April 2010, when the first report to Congress is due
- **Phase 3** – Beginning in April 2010, with the issuance of the first report, through June 2010
- **Phase 4** – Ongoing communications from June 2010 to January 1, 2012

Communications Products

NSPS Transition Brand – Building on the overarching NSPS brand and sub-brands that have been used over the last four years, an overarching identity for the NSPS transition was developed. The NSPS transition brand will carry through all transition communications and learning products.

NSPS Website Redesign – Serving as the primary communications and dissemination vehicle to the workforce and external audiences, the NSPS website redesign streamlines content to focus on two areas:

- NSPS Connect – relevant information about working under NSPS
- NSPS Transition – relevant information about the transition

As part of the redesign, the feedback mechanism is reinstituted and promoted. The feedback will be used to determine:

- Content – for the website and other communications and learning products
- Messaging – to shape the way information is communicated

To ensure continuity, the redesigned site maintains its current identity (look and feel) and provides users with multiple, convenient paths to the information they seek.

Transition Toolkits – Designed and uniquely branded for four different audiences:

- Employees
- HR practitioners

- Managers and supervisors
- Senior leaders

Transition Toolkits are electronic “boxes” that contain information and products for the target audience to (1) stay informed and (2) communicate information to other target audiences. The toolkits contain products such as:

- Fact sheets, brochures, articles
- Frequently asked questions (FAQ)
- Performance management guidance
- Timelines
- Town hall briefings
- Important information on the General Schedule (GS) and/or other pay systems

E-mail communications – Monthly e-mails generated by the NSPSTO that communicate transition information. Component program managers receive the e-mail content for distribution. The information is also available on the NSPS website.

Webinars – Targeted communications for HR practitioners, one- to two-hour webinars will provide a venue to distribute information throughout the Department. The webinars will be hosted by the NSPSTO and focus on educating the HR community on transition decisions, activities, and requirements.

Learning Products

Web-based Training (WBT) Courses – Three courses are offered:

- ***GS 101*** – Educates the workforce on working under the GS system. *GS 101* relies on virtual employees to explain the GS system and the transition from NSPS to GS.
- ***Classifying Positions Under GS: A Primer for Supervisors*** – Educates supervisors on their role in classifying positions and communicating to their workforce the process for classifying NSPS positions under the GS system.
- ***Performance Management: A Tool to Achieve Results*** – Educates employees, managers, and supervisors about related roles and responsibilities, including how to establish performance expectations and effectively monitor, manage, and develop performance.

Managing My Performance: A Guide for Employees – A print product, also available online, that covers performance management related topics from the perspective of employees. The guide will include topics such as roles and responsibilities and the performance management lifecycle. Employees will focus on managing their own performance and working with their supervisors to accomplish expectations.

Managing Employee Performance: A Guide for Supervisors – A print product, also available online, that covers performance management related topics from the perspective of managers/supervisors. The guide will include topics such as roles and responsibilities, performance management lifecycle, and addressing poor performance.

Rollout Strategy

By December 31, 2009

- Finalize the NSPS transition brand

By February 1, 2010:

- Launch the redesigned NSPS website
- Implement the initial transition toolkits
- Launch *GS101*

By February 28, 2010:

- Provide the second set of e-mail communications
- Produce overarching performance management guides for employees, managers, and supervisors to be used in conjunction with Component guidance on specific legacy performance management systems

During March 2010:

- Launch *Classifying Positions Under GS: A Primer for Supervisors*
- Launch *Performance Management: A Tool to Achieve Results*
- Launch webinars for HR practitioners
- Provide the third set of e-mail communications
- Update transition toolkits
- Conduct the HR Conference

On an on-going basis from April 2010 through January 1, 2012:

- Provide communications and learning support, as required

Blended Communications and Learning Roadmaps

The following table summarizes the tools by target audience. Subsequent pages provide blended learning roadmaps for each audience.

Target Audience	Proposed Tools
Employees	<ul style="list-style-type: none"> • E-mail communications • NSPS website • Transition Toolkit: Employees • Web-based learning products • Managing My Performance: A Guide for Employees
Managers and Supervisors	<ul style="list-style-type: none"> • E-mail communications • NSPS website • Transition Toolkit: Managers and Supervisors • Web-based learning products • Managing Employee Performance: A Guide for Supervisors
Senior Leaders	<ul style="list-style-type: none"> • E-mail communications • NSPS website • Transition Toolkit: Senior Leaders • Web-based learning products • Managing Employee Performance: A Guide for Supervisors
HR Practitioners	<ul style="list-style-type: none"> • E-mail communications • HR Practitioner Conference • NSPS website • Transition Toolkit: HR Practitioners • Web-based learning products • Webinars

Employee Roadmap		
Blended Learning Product	Delivery Method	Delivery Date
E-mail communications - Monthly e-mails generated by the NSPSTO that communicate transition information. Component program managers receive the e-mail content for distribution. The content is also available on the NSPS website.	From NSPSTO to Components and via NSPS website	Monthly from January 2010 through December 2011
NSPS Website - Most up-to-date information on the NSPS transition and working under NSPS	NSPS website	<ul style="list-style-type: none"> • Ongoing through December 2011 • Redesigned website launched February 2010
Transition Toolkit - Branded online toolkit that contains the products employees need to support the transition from NSPS	NSPS website	<ul style="list-style-type: none"> • Initial toolkit: early February 2010 • Updated: mid-March 2010 • Ongoing after March 2010
Web-based learning products: <ul style="list-style-type: none"> • <i>GS 101</i> - An overview of working under GS • <i>Classifying Positions Under GS: A Primer for Supervisors</i> - Information on the classification of positions under GS and the related roles/responsibilities for managers/supervisors • <i>Performance Management: A Tool to Achieve Results</i> - General information on performance management 	NSPS website	<ul style="list-style-type: none"> • February 2010 • March 2010 • March 2010
Managing My Performance: A Guide for Employees - Employee perspective on performance management including roles and responsibilities	<ul style="list-style-type: none"> • Print • NSPS website 	February 2010

Manager/Supervisor Roadmap		
Blended Learning Product	Delivery Method	Delivery Date
E-mail communications - Monthly e-mails generated by the NSPSTO that communicate transition information. The e-mail content is provided to Component program managers for distribution and is available on the NSPS website.	From NSPSTO to Components and via NSPS website	Monthly from January 2010 through December 2011
NSPS Website - Most up-to-date information on the NSPS transition and working under NSPS	NSPS website	<ul style="list-style-type: none"> • Ongoing through December 2011 • Redesigned website launched February 2010
Transition Toolkit - Branded online toolkit that contains the products managers/supervisors need to support the transition from NSPS	NSPS website and Readiness Tool, as necessary	<ul style="list-style-type: none"> • Initial toolkit: early February 2010 • Updated: mid-March 2010 • Ongoing after March 2010
Web-based learning products: <ul style="list-style-type: none"> • <i>GS 101</i> - An overview of working under GS • <i>Classifying Positions Under GS: A Primer for Supervisors</i> - Information on the classification of positions under GS and the related roles/responsibilities for managers/supervisors. • <i>Performance Management: A Tool to Achieve Results</i> - General information on performance management 	NSPS website	<ul style="list-style-type: none"> • February 2010 • March 2010 • March 2010
Managing Employee Performance: A Guide for Supervisors - Manager/Supervisor perspective on performance management including roles and responsibilities	<ul style="list-style-type: none"> • Print • NSPS website • Readiness Tool 	February 2010

Senior Leader Roadmap		
Blended Learning Product	Delivery Method	Delivery Date
E-mail communications - Monthly e-mails generated by the NSPSTO that communicate transition information. The e-mail content is provided to Component program managers for distribution and is available on the NSPS website.	From NSPSTO to Components and via NSPS website	Monthly from January 2010 through December 2011
NSPS Website - Most up-to-date information on the NSPS transition and working under NSPS	NSPS website	<ul style="list-style-type: none"> • Ongoing through December 2011 • Redesigned website launched February 2010
Transition Toolkit - Branded online toolkit that contains the products senior leaders need to support the transition from NSPS	NSPS website and Readiness Tool, as necessary	<ul style="list-style-type: none"> • Initial toolkit: early February 2010 • Updated: mid-March 2010 • Ongoing after March 2010
Web-based learning products: <ul style="list-style-type: none"> • <i>GS 101</i> - An overview of working Under GS • <i>Classifying Positions Under GS: A Primer for Supervisors</i> - Information on the classification of positions under GS and the related roles/responsibilities for managers/supervisors • <i>Performance Management: A Tool to Achieve Results</i> - General information on performance management 	NSPS website	<ul style="list-style-type: none"> • February 2010 • March 2010 • March 2010
Managing Employee Performance: A Guide for Supervisors - Manager/Supervisor perspective on performance management including roles and responsibilities	<ul style="list-style-type: none"> • Print • NSPS website • Readiness Tool 	February 2010

HR Practitioner Roadmap		
Blended Learning Product	Delivery Method	Delivery Date
E-mail communications - Monthly e-mails generated by the NSPSTO that communicate transition information. The e-mail content is provided to Component program managers for distribution and is available on the NSPS website.	From NSPSTO to Components and via NSPS website	Monthly from January 2010 through December 2011
NSPS Website - Most up-to-date information on the NSPS transition and working under NSPS	NSPS website	<ul style="list-style-type: none"> • Ongoing through December 2011 • Redesigned website launched February 2010
Transition Toolkit - Branded online toolkit that contains the products HR practitioners need to support the transition from NSPS	NSPS website and Readiness Tool, as necessary	<ul style="list-style-type: none"> • Initial toolkit: early February 2010 • Updated: mid-March 2010 • Ongoing after March 2010
Web-based learning products: <ul style="list-style-type: none"> • <i>GS 101</i> - An overview of working under GS • <i>Classifying Positions Under GS: A Primer for Supervisors</i> - Information on the classification of positions under GS and the related roles/responsibilities for managers/supervisors. • <i>Performance Management: A Tool to Achieve Results</i> - General information on performance management 	NSPS website	<ul style="list-style-type: none"> • February 2010 • March 2010 • March 2010
Webinars - Monthly online discussions about the transition status focused on what HR practitioners need to know	DCOs	Mid-March 2010 through December 2011
HR Conference - Facilitated exchange of transition-related content for HR practitioners	Conference in Southbridge, MA	March 2010

Evaluation and Reporting

The key NSPS program evaluation functions are to:

- Plan, execute, and report on NSPS studies and program evaluations
- Collect, analyze, and report NSPS workforce, personnel transaction, and attitude survey data
- Analyze and report on performance cycle results for DoD
- Cooperate with other organizations' reviews, such as DoD Federal human capital studies, GAO, and OPM, and with ad hoc public and Congressional inquiries (e.g., payout results)

Two NSPS program evaluations are in progress with contractors: (1) completion of the 2009 evaluation and report and (2) conduct of the 2010 evaluation. The latter will be the final summative evaluation by the Department to capture the last full year of NSPS, culminating at the end of the second quarter. The evaluation team will be working to report pay pool results for the January 2010 ratings/payouts (comprehensive, component level, equity) in FY 2010 second and third quarters.

No further comprehensive or special evaluations will be needed, as the purposes of evaluation are overtaken by repeal of the statutory authority for NSPS and the Department's intention to draw down most units in FY 2010. Components and large agencies have access to their own data, should they need to stay on top of their NSPS workforces beyond these NSPSTO initiatives and timeframes. If significant numbers of employees in units other than section 1105 Science and Technology Reinvention Laboratories (STRLs) receive NSPS ratings and payouts in January 2011, there may be value in analyzing and reporting pay pool results for the January 2011 ratings/payouts in FY 2011 second and third quarters.

The 2010 Defense Manpower Data Center (DMDC) Status of Forces Survey of DoD Civilians is expected to be the last survey targeting the NSPS workforce, and its results will be considered in the 2010 NSPS program evaluation. No special arrangements will be pursued with the Civilian Personnel Management Service (CPMS) to broaden the scope of inspections to program aspects of NSPS performance and compensation management. No major external studies of NSPS are anticipated. The NSPSTO has withdrawn NSPS implementation from DoD program priority venues. The statutory requirement for GAO to review NSPS workforce attitudes and performance management safeguards was repealed in NDAA 2010.

Labor Relations

While bargaining unit employees were not converted to NSPS, some employees have organized into bargaining units after converting to NSPS. Collective bargaining obligations under title 5, United States Code, chapter 71 will be satisfied when transitioning these employees out of NSPS to the appropriate statutory pay system.

Congressional Liaison

NDAA 2010 requires the Secretary to report to Congress on the termination of NSPS:

- Within six months after enactment, the Secretary will report on the initial steps being taken to reclassify positions from NSPS and the initial plan to begin transitioning employees from NSPS; and
- Semiannually, the Secretary will supplement the initial report by providing progress reports on the transition process.

The NSPSTO will prepare the reports to Congress with Component input. The Congressional Committees designated in NDAA 2010 to receive the reports are:

- Senate Armed Services Committee (SASC)
- House Armed Services Committee (HASC)
- Senate Committee on Homeland Security and Governmental Affairs
- House Committee on Oversight and Government Reform.

In addition to satisfying the mandated reporting requirements, the NSPSTO, in coordination with the Assistant Secretary of Defense (Legislative Affairs), will coordinate periodic meetings between Department officials and Congressional staff members to inform Congress on transition-related activities.

- October 21, 2009: Former Program Executive Officer NSPS (PEO NSPS) met with professional staff of the SASC and the HASC following the House vote on the NDAA 2010 Conference Report and a week before the President signed the bill into law. SASC and HASC staff indicated they wanted periodic updates on the Department's progress toward NSPS termination.
- December 14, 2009: Joint meeting between Acting PEO (NSPS), CPP senior staff, and SASC and HASC staff to discuss NSPS transition planning.
- January 29 and March 12, 2010: Update meetings among DoD and SASC and HASC staff to discuss NSPS transition planning; staff expect no further update visits until June 2010.
- January 29, February 17, and March 11, 2010: Overview meetings with staff of the House Appropriations Defense Subcommittee, Subcommittee on Oversight of Government Reform (Senate Committee on Homeland Security and Governmental Affairs), and House Committee on Oversight and Government Reform, respectively.
- April 2010 (in advance of initial report to Congress): Update meeting among DoD and SASC and HASC staff in advance of the initial report to Congress.
- On a bimonthly basis until NSPS transition is completed: Update meeting among DoD and SASC and HASC staff to discuss NSPS transition progress and provide information on any actual and/or projected transitions since last update; for example, into 1st Quarter FY2011:
 - Mid-June 2010
 - Mid-August 2010
 - Mid-October 2010 (in advance of first semiannual report to Congress)

Component NSPS Transition Schedules and Reporting Requirements

Component NSPS Transition Schedules

Component Heads submitted their initial NSPS transition schedules to the Director, NSPSTO in January 2010, based on their assessment of their readiness. The schedules included all command/organization elements with, for each, a proposed transition date, number of NSPS employees (broken out between bargaining unit and non-bargaining unit), and remarks/notes to address rationale for any/all transitions scheduled after September 30, 2010, the readiness of legacy performance management systems, and the approach to position classification.

The Director, NSPSTO approved the Component schedules on February 25, 2010, prior to any transitions being effected. Approval was contingent on Components having available funding, or securing such funding, as necessary to accomplish their respective transitions from NSPS.

Reporting Requirements

Components must inform the Director, NSPSTO of the organizations and numbers of bargaining unit and non-bargaining unit employees transitioned from NSPS as they occur and of any changes to the Component's transition schedule. The Director's point of contact for this information is Ms. Bobbi Key, bobbi.key@cpms.osd.mil, 703.696.5376.

APPENDIX A

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Guidance Governing NSPS Transition Period – Prior to Termination

Issue Date: December 10, 2009

A. Purpose. This guidance provides instructions for Department of Defense (DoD) Human Resources Offices (HROs) concerning transition appointments and the competitive/noncompetitive placement of current DoD employees in an NSPS covered position during the NSPS transition period (*see* Definition, below).

B. Definitions

1. *Appointment* – Placement of an individual onto DoD rolls.
2. *Pipeline Action* –
 - a. A competitive recruitment action for which an announcement is posted before March 1, 2010, or a recruitment action that is in a subsequent phase of the recruitment process (e.g., applicants being reviewed, certificate/list of eligibles sent to selecting official, tentative/firm offer made) as of March 1, 2010.
 - b. An action for which an open continuous announcement is posted before March 1, 2010, and the request for personnel action (RPA) was received by the HRO before March 1, 2010.
 - c. A recruitment action for which a noncompetitive selection is made for an NSPS position before March 1, 2010 (e.g., selection for a Veterans' Recruitment Appointment (VRA), Schedule A appointment of persons with a disability).
 - d. A noncompetitive reassignment RPA received in the HRO by March 1, 2010.
 - e. A recruitment action for which Priority Placement Program (PPP) match(es) is/are identified before March 1, 2010.
 - f. A noncompetitive conversion of an NSPS employee on a temporary or term appointment in the competitive service, consistent with 5 CFR 9901.511(d)(2), to a permanent appointment in the competitive service when the request to convert the employee is received by the HRO before March 1, 2010.
 - g. An extension of an NSPS employee's temporary or term appointment, consistent with 5 CFR 9901.511(d), when the request to extend the appointment is received by the HRO before March 1, 2010.

3. *NSPS Transition Period* – The period beginning on October 28, 2009, and ending on January 1, 2012, or the date an organization's employees and positions are transitioned out of NSPS if prior to January 1, 2012.

C. Operating Guidance

1. Non-DoD Individuals/Employees – Permanent Appointments Prior to March 1, 2010. Effective on the date of this guidance but not later than February 28, 2010, non-DoD individuals *appointed* to a position in an organization covered by NSPS will be placed under the General Schedule (GS) or other applicable non-NSPS statutory pay system when a classified non-NSPS position description is available and a performance management system established under 5 U.S.C. chapter 43 exists.
2. Non-DoD Individuals/Employees – Permanent Appointments as of March 1, 2010 and Beyond. All non-DoD individuals/employees *appointed* to a position in an organization covered by NSPS must be placed under GS or applicable non-NSPS statutory pay system.
3. Temporary and Term Appointments. Effective on the date of this guidance, temporary appointments in the competitive and excepted services and term appointments in the competitive service made to positions that will later transition to GS will be limited to not-to-exceed (NTE) dates consistent with Office of Personnel Management (OPM) regulations for the GS system. Further, advertisements for temporary and term appointments will no longer reflect the potential for noncompetitive conversion to a permanent appointment.
4. Internal Placement
 - a. DoD Non-NSPS Employees. Not later than March 1, 2010, non-NSPS employees selected for a position in an organization covered by NSPS must be placed in GS or other applicable non-NSPS statutory pay system.
 - b. NSPS Employees
 - Competitive placement. Not later than March 1, 2010, NSPS employees who are selected for an NSPS covered position via a competitive process must be placed in GS or other applicable non-NSPS statutory pay system.
 - Noncompetitive placement. During the transition period, employees may be placed noncompetitively in an NSPS covered position (e.g., career ladder promotion, reassignment, temporary promotion NTE 180 days).
 - Management-directed actions. Management may not direct the assignment of an employee to a non-NSPS statutory pay system when

such assignment will result in a loss of pay except in the case of: (i) reduction-in-force (RIF) action; (ii) termination of a temporary personnel action; (iii) change of position action resulting from failure to successfully complete a supervisory probationary period; or (iv) a reduction in pay that is for cause (i.e., disciplinary or performance-based action).

5. Vacancy Announcements Posted Before March 1, 2010. NSPS vacancy announcements posted before March 1, 2010, must contain the following statement to alert applicants that the position(s) will be transitioned to another personnel system:

The position(s) covered by this vacancy announcement is/are scheduled to transition from the National Security Personnel System (NSPS) to the General Schedule (GS) or other applicable personnel system by January 1, 2012.

6. Open Continuous Announcements. As soon as possible, but not later than March 1, 2010, open continuous announcements for positions in an organization covered by NSPS must be revised to reflect an applicable non-NSPS statutory pay system.
7. Job Offers. Job offers for positions covered by NSPS will clearly indicate under which statutory pay system the selectee will be placed. If the selectee is to be placed under the NSPS statutory pay system, the selectee will be notified that the position is scheduled for transition from NSPS to a non-NSPS statutory pay system by not later than January 1, 2012.
8. Components may issue Component-specific guidance consistent with this guidance.

D. Exceptions

1. The following categories of positions and/or employees are excluded from the requirements outlined in this guidance:
 - a. Positions filled in organizations transitioning from NSPS to Science and Technology Reinvention Laboratories (STRLs). These positions are excluded by section 1105(c) of NDAA 2010. These positions will be transitioned directly from NSPS to an appropriate STRL personnel management demonstration project created under section 342(b) of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103 337; 108 Stat. 2721), as amended by section 1114 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398; 114 Stat. 1654A 315).

- b. Positions filled in organizations transitioning from NSPS to the Acquisition Demonstration project pending extension of the Acquisition Demonstration project and reestablishment of Acquisition Demonstration project infrastructure and policies.
 - c. Positions in organizations without a Chapter 43 performance management system pending establishment of an appropriate Chapter 43 performance management system not later than March 1, 2010.
 - d. Physician and dentist positions pending approval and establishment of the pay plan for DoD civilian physicians and dentists covered by the General Schedule.
 - e. Engineer positions in New Orleans, Louisiana, covered by a targeted local market supplement (TLMS) until such time as comparable special rate schedules are established under the GS system.
 - f. Forensic anthropologist positions in Hawaii (subject to approval of TLMS) until such time as comparable special rate schedules are established under the GS system.
 - g. Positions occupied by employees on excepted service appointments who either may or must be noncompetitively converted to a competitive service appointment provided a similar noncompetitive conversion authority exists under GS (e.g., VRA, Federal Career Intern Program (FCIP)).
2. The following populations *may* be excluded from this guidance to minimize adverse impact on employees and mission:
- a. Positions to which Base Realignment and Closure (BRAC) employees are scheduled to relocate either geographically or to another organization when the move is outside the commuting area. This includes early relocation on a voluntary basis in advance of a transfer of function or realignment.
 - b. Positions scheduled for a transfer of function to a non-DoD entity prior to January 1, 2012.
 - c. Positions in organizations conducting a RIF during the transition period.
 - d. Deployed civilians exercising administrative return rights or returning from other deployments provided they were deployed from an NSPS position.
 - e. Selections or conversions resulting from pipeline actions as defined in section B.2.

3. Additional categories of positions and/or employees *may* be excluded from this guidance on a case-by-case basis. Requests for approval of additional exceptions must be submitted to the NSPS Program Executive Office (PEO), or its successor office [the National Security Personnel System Transition Office], by the appropriate Component NSPS Program Office. Decisions to grant exceptions may be made in response to a situation identified at the DoD-level or in response to written requests from an organization submitted through Component channels. At a minimum, requests for exclusions should include:
 - a. The approximate number and geographic location of the proposed excepted positions.
 - b. Justification based on mission critical needs of the organization.
 - c. The proposed expiration date or expiration event of the requested action.
 - d. Any additional information relevant to the requested exception.